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REPORT

INFORMATION

Germany (Mussian Zone)

CONFIDENTIAL

DATE DISTR.

SUBJECT

Membinat of Moviet AGe Producing Communication and Miestramio Equipment

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SOURCE

- a number of Soviet AGS manufacturing communication and similar eq sent have recently been incorporated into a new Kombinat. The pl in question are:
 - Former Telefunken plant in Thalheim, Saxony, making electro-technical equipment 12.
 - Former Siemens plant in Radeberg, Saxony,
 making parts for radar equipment, such as torque-produci
 elements, time tracers, etc., based on the results of th
 development work carried out in the Oberspree-Werk b.
 - Glass factory in Weisswasser, Lower Silesia, formerly an Osram concern, making glass for the manufacture of tabes
 - Osram plant, Berlin, manufacturing radio tubes, high-pressure and gas-dischar lamps
 - NEF* plant. Berlin-Oberschoeneweide, making apparatus for telepand telegraph
 - NAG plant (Nationale Automobil-Gesellschaft), Berlin-Oberschoe making apparatus for high frequency
 - AEG-Oberspreewerk, Berlin-Oberschoeneweide, development and manufacture of equipment and accessories for high frequency, radar, and similar plants.
- The SMA has ruled that the above-mentioned plants must henceforth become financially independent, i.e., self-supporting, and that all SMA contributions will be stopped beginning 1 January 1948. In the future, only the plants working on research and development assignments will be assisted financially by the SMA. Orders placed by Russian agencies must be paid for directly by the purchasers. A special internal accounting and clearing system will be set up to facilitate transactions between the different plants of this Kombinat .

This document is hereby regraded to CONFIDENTIAL in accordance with the * Machrichtentechnische Entwicklun und Pabrikat letter of 16 October 1978 from the Director of Central Intelligence to the

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- 3. The Russians plan to build up an export business for the equipment manufactured by this group of factories. A part of the production such as high-pressure and gas-discharge lamps may be sold to the German market; however, the entire production of radio tubes must be sold to Russia.
- 4. The German ranagers of the plants involved say that it is imperative that the factories be reorganized according to German principles if they are to become financially independent. They claim that the methods now applied by the Russians, involving continuous checks, investigations and spying as to political views, isolation of departments within one and the same plant, and the curtailed liberty of action imposed upon the German responsible staff members, is retarding the recovery of the plants.
- 5. The tube department of the Oberspree-Werk, which has been operating since October 1947, had contracted a deficit of one million marks by 31 December 1947. The testing of material showed grave defects; the tube sockets of entire series, for instance, had been equipped with the wrong kind of plug studs; another series of tubes had been provided with the wrong grids, and the welding of most of the equipment was discovered to be faulty. The Russians are convinced that acts of sabotage, carried on systematically, are responsible for these defects.

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